31st October, 2003 and stopped the Bank from carrying on business of "Banking" within the meaning of Section 5(b) of Banking Regulation Act, 1949(AACS). Further, Reserve Bank of India has cancelled the licence of one Urban Co-operative Bank in the State of Chhattisgarh *viz.* the Nagrik Sahakari Bank Ltd., Dhamtari by an order dated 28.06.2004 and has requisitioned, on the same date, the Registrar of Co-operative Societies, Raipur to wind up the Bank and appoint a Liquidator to take charge. Accordingly, the Registrar of Co-operative Societies, Raipur issued the Liquidation Order on 19.07.2004 and appointed a Liquidator.

Income Tax block assessment reports of corporates

1663. SHRI ABU ASIM AZMI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Income Tax block assessment reports of the corporate entities involved in Ketan Parekh share scam were called for reassessment;

(b) if so, what are the names of the companies where income-tax block assessment reports have been re-examined; and

(c) what are the results of probe and action being taken?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM): (a) No proceedings for reassessment of completed block assessments have been initiated in respect of the 12 corporate entities whose cases were centralized in Central Circle-40, Mumbai, in connection with investigation into the Ketan Parekh share scam.

(b) and (c) Do not arise in view of reply to part (a) above.

Audit of income expenditure accounts of panchayats

†1664. SHRI RAJ MOHINDER SINGH MAJITHA:
DR. MURLI MANOHAR JOSHI:

Will the Minister of PANCHAYATI RAJ be pleased to state:

(a) whether it is a fact that the audit of income-expenditure accounts of all the panchayats in the country is mandatory as per the Twelfth Finance Commission;

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†Original notice of the question was received in Hindi.

(b) whether it is also a fact that CAG has been selected for this audit;

(c) if so, the details in this regard; and

(d) the steps taken by Government so far for the audit of income-expenditure accounts of all the Panchayats throughout the country?

THE MINISTER OF PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR): (a) to (c) The Guidelines issued by the Ministry of Finance for the release and utilization of grants recommended by the Twelfth Finance Commission for augmentation of the Consolidated Funds of the States for supplementing the resources of the rural and urban Local Bodies (Local Bodies Grants) provide that the Comptroller & Auditor General of India would be expected to audit the release and use of the Local Bodies Grants within the time and for the purposes mentioned by the Twelfth Finance Commission. It also provides that the Government of India may take appropriate decision about withholding grants to a State if the Comptroller & Auditor General of India reports that the State has either not transferred the Grants to the Local Bodies or has allowed the Grants to be used for the purposes other than for which these are being provided or that Local Bodies have not been able to give priority to expenditure on the O&M of water supply and sanitation for the rural areas and on schemes of solid waste management in the urban areas.

(d) As per Article 243J of the Constitution "The Legislature of a State may, by law, make provisions with respect to the maintenance of accounts by the Panchayats and the auditing of such accounts." Therefore, it is for State Governments to identify the agency to get the budget/funds of Panchayats audited. The Guidelines issued by the Ministry of Finance for the utilization of local bodies grants recommended by the Eleventh Finance Commission (2000-01 to 2004-05) provided that the C&AG shall be responsible for exercising control and supervision over the proper maintenance of accounts and their audit for all the three tiers/levels of PRIs and ULBs. State Governments should send a request under section 20(1) of the CAG (DPC) Act, for this purpose. As per the Guidelines, the format for preparation of budgets and for keeping of accounts for the local bodies shall be as prescribed by the C&AG.

The sixth Round Table of State Ministers of Panchayati Raj at Guwahati considered the issue and resolved that those State Governments which

have not as yet availed of the arrangements be invited to bring the C&AG into the exercise of accounting and audit, including the C&AG's Technical Guidance and Supervision (TGS) Scheme for the PRIs.

Improvement of local governance

1665. SHRI S.P.M. SYED KHAN: Will the Minister of PANCHAYATI RAJ be pleased to state:

(a) whether Government have formulated any plan to improve the local governance through re-engineering Government processes, modernization and effective use of technologies like IT;

(b) if so, the details thereof; and

(c) what efforts have been taken by Government for better local governance during 2004-05?

THE MINISTER OF PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR): (a) and (b) Between July and December, 2004 the Ministry of Panchayati Raj convened seven Round Tables with the State Ministers incharge of Panchayati Raj and evolved by consensus 150 points for action relating to 18 dimensions which have been put together in a compendium that was adopted unanimously at the conclusion of the last round table at Jaipur. At the seventh round table of Ministers in charge of Panchayati Raj held at Jaipur on 17-19th December, 2004, the subjects of IT enabled-e-governance, process re-engineering, data ownership, shoftware, hardware, infrastructure and connectivity and operationalisation of the plans were discussed. Conclusions reached during the seventh Round Table are annexed as Statement. (*See* below).

The Minister has now initiated a process of visiting each of the State/ UTs to review with the authorities concerned the progress in implementing the points for action contained in the compendium. A Committee of Chief Secretaries of States and State Panchayati Raj Secretaries has been constituted under the Chairmanship of the Secretary (Panchayati Raj) to monitor the progress on the implementaton of the 150 recommendations of the Seven Round Tables. Two review meetings of the Committee have so far been held on the 11th April, 2005 and the 29th June, 2005. A Council of Ministers of Panchayati Raj of States/Union Territories has been constituted under the Chairmanship of the Minister of Panchayati Raj,